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a time when the country was struggling to rebuild its economy, one of its main sources of wealth was in a state of convalescence.

Highly skilled workers are one of Austria's chief economic assets, and between the Wars consumer-goods and luxury industries played an important part in her economic life. This side of her economy declined seriously during the German occupation. As part of the deliberate plan to turn the country into an arsenal, workers were diverted from secondary industries and agriculture to the large new war-production centres that were established.

The great Hermann Goering Iron and Steel Works were set up at Linz, with their own coking plant. Sixty miles away at Ranshofen near the River Inn a big aluminium plant was built. There were several reasons for these developments. The fundamental idea was to provide a reserve of vital war industries in a district less vulnerable to enemy attack. Just as the Russians transferred some of their main war industries to Central Asia, so Hitler wanted to have some of his production centres farther away from Allied bomber bases. Secondly, there were certain economic considerations in favour of the two sites. Both were on important waterways. Linz was some sixty miles from the iron ore of the Erzberg, or Iron Mountain, in Styria and not far away from the low-grade ore of Bavaria. Ranshofen was reasonably close to the Hungarian bauxite deposits and conveniently situated in relation to the Third Reich's electricity network, cheap current being the main consideration in the siting of an aluminium works. Further, there were reasons of sentiment and prestige for the choice of location. Hitler was born in Braunau, a few miles from Ranshofen, and went to school in Linz. It seemed fitting that the scenes of the Führer's youth should become centres of war production.

From the purely Austrian point of view, however, such developments were not so satisfactory. Hardly one of the considerations that influenced German leaders would have carried weight with an independent Austria. The strategic and sentimental arguments were both irrelevant. Neither Bavaria nor

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Hungary could be relied on to supply iron ore or bauxite, and the existing iron and steel works at Donawitz in Styria were better situated than Linz to handle ore from the Iron Mountain. Ranshofen was not well placed in relation to Austrian supplies of electric power. Above all, the Hermann Goering Works were entirely dependent on the supply of hard coal for their coking furnaces, and Austria was already seriously short of this essential commodity. Whereas Hitler had the coal-fields of Poland and Czechoslovakia at his disposal, Austria in pre-War years had already been dependent on imports for two-thirds to three-quarters of her coal supply. The requirements of the Linz works made the position much worse.

The new developments implied a fundamental change of emphasis in the whole national economy, and it was by no means certain, or even likely, that the change would be for the better. It would probably have been sounder for Austria to rely on the traditional skill of her workers in the consumer-goods industries than to attempt to compete with the most powerful industrial countries in basic production. The dangers might not be apparent in the immediate post-War years, owing to the inflated demand for iron and steel products, but they were likely to reveal themselves in the course of time. A serious depression in the world's basic industries or a failure to obtain the coal and raw materials on which Austria's basic industries depend might have very serious consequences on the country as a whole. The choice, however, was not Austria's own. The change that occurred was the main positive legacy of the period of Nazi occupation.

Two of Austria's chief natural resources are her mineral oil and her hydro-electric power. These were developed by the Germans rapidly during the War, but in each case with little regard to Austrian interests.

Under happier conditions Austria's oil-fields would have raised her from a struggling country to a prosperous one. It is one of the hardest blows that have fallen on the Austrian people that such a gift of Providence should have been exploited successively by two unscrupulous foreign Powers and should

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production to 102 per cent of the 1937 figure. These results, however, were achieved by continued excessive felling, which was only partly offset by the introduction of more economic methods, including the use of the remoter areas. Special attention was paid to reforestation with quick-growing kinds of timber, but the fact remains that a period of restraint will be necessary if the Austrian forests are to regain what they have lost.

The privileged position given to Austria's heavy industries in the European Recovery Programme is reflected by the fact that in 1951, whereas consumer-goods production was only 128 per cent of the pre-War level, investment-goods production reached 175 per cent. Stimulated by the post-War demand for capital goods and by the installation of such fine new plant as the blooming-mill at Donawitz and the blooming-and-slabbing-mill at Linz, both provided by Marshall Aid, the production of the heavy industries went rapidly ahead. If the emphasis on this branch of the economy had been overdone, it was not to become apparent until a later date.

The production in 1951 of pig-iron, raw steel, and sheet metal amounted to 270 per cent, 158 per cent, and 149 per cent respectively of the 1937 figures. Iron and steel exports in 1951 were valued at $57 million. Aluminium output rose from 13,357 tons in 1948 to 26,380 tons in 1951, and in addition, thanks to the installation of a rolling-mill at Ranshofen, the production of sheet aluminium and half-finished goods started in 1950. By 1951, 27 per cent of Austria's aluminium production was being exported, some of it to the United States, and at the same time internal consumption had risen sharply, so that Austria had become the fourth largest consumer of aluminium per head of population in the world. The following year aluminium output went rapidly ahead owing to the increased availability of electric current. The export of artificial fertilizer from the Linz works rose to 274,152 tons in 1951 and to 188,135 tons in the first six months of 1952. The number of tractors, lorries, and buses produced by the Steyr–Daimler–Puch Company in 1952 amounted to 11,765.

327 Judenburg, on the other hand.

While the annual production of raw steel amounted to 650,000 tons in prewar years, there must be an increase in this amount to 1 million tons annually by 1952 (that is, after the end of the Marshall Plan). This takes into consideration demands and the total demand of Europe for steel. Accordingly, the investments were balanced as follows:

(a) The increase of iron-ore production to approximately 2.2 million tons a year at the Erzberg (Styria), at the Radmer near Hieflau and at Hüttenberg (Carinthia). (This project is one of the biggest in the investment programs.)

(b) The renovation and modernization of steel works. To secure the full utilization of raw-steel production, gross rolling mills and tin plate works were established or renovated. To mention only some of the big projects: the renovation of the worn-out Block-Trio rolling mill at Donawitz (Alpine Montan-Gesellschaft) by a continual billet-rolling mill; the building of a cold-band rolling mill at Krieglach (Alpine Montan-Gesellschaft); the plate works, the building of a five-sectioned broad band rolling mill, the coal rolling mill at the Vereinigte Österreichische Eisen- und Stahlwerke AG at Linz; the refined steel rolling mill at the Schoeller-Blackmann Stahlwerke AG in Hönigsberg near Mürzzuschlag (where also a plant for the production of railway materials will be renovated); the extruding press and wrought-iron press at Turnitz; a plant for the production of deep mine drilling tools and equipment, the new sheet rolling mill and the rod mill at Kapfenberg (Gebrüder Böhler und Co. AG). (The new plant in Donawitz began operations in 1950. It is valued at $7,380,000. For the rest of the iron and steel industry 274.7 million schillings were allotted from ERP funds. This represents 37.8 per cent of the 700 million schillings ear-marked for the investment program for 1950-52.)

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(3) Investments in the metal industry, ore mining and smelting.

This branch of industry was partly war-damaged, partly confiscated "German Property" by the occupying powers or dismantled as war industries. Thus a complete renovation was necessary in which not the least concern was the regard for supplying the required raw materials for the industries of finished and final products. Another aim was to defend these industries, which depend so much

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upon the world market and upon reactions in periods of crisis, to keep iron mining within reasonable limits and to prevent social and economic dislocations. [327] 316 328

Planned investments have been carried out within the last few years in iron mining, smelting and in the metal industry. In the lead industry (Bleiberger Bergwerksunion) the extension of mining has been taken up again through mechanization of mining operations and the extended supply of electrical current; in smelting the utilization of various by-products (Raffinade) has been extended. As a first step in tin smelting, and to cover the urgent demands for sulphuric acid, the Bleiberger Bergwerksunion has started to build a smelter and in connection with it a plant for production of sulphuric acid. The plants will be ready for production early in 1951. Upon completion of the first stage of this project the plants will produce approximately 15,000 tons of sulphuric acid annually as compared with an annual total demand of 55,000 tons. To utilize the by-product zinc-ore the building of a zinc-smelting plant is projected (with an annual capacity of 10,000 tons of metal). There is a demand for about 12,000 tons of copper annually in Austria. Approximately 2,500 tons of this amount may be reclaimed annually from utilizing scrap metals. Copper mining is concentrated at Mitterberger Kupferbergbau and at the Bergbau in Mühlbach am Hochkönig; these works alone contain the potentialities of further production. It is intended to push the mines to a depth of 120 meters. Furthermore, the capacity of mining equipment shall be increased, including dressing machinery and other mining tools; thus the production of mining tools of all types will increase from 6,000 to between 11,000 and 12,000 tons a month, corresponding to an annual increase in the amount of copper to approximately 2,750 tons. To smelt the by-product ores of this mine and other minor mining sites the erection of an electric-reduction oven at the Montan Werke at Brixlegg (Tyrol) has been proposed, capable of producing up to 15,000 tons of concentrates, i.e., 4,000 tons of copper. Moreover, the erection of extensive electric installations and high-tension long lines as well as the erection of low-frequency smelting ovens will be undertaken. Also the capacity of electrolysis will be increased from 5,000 to 6,000 tons of cathode copper per year. In a similar way nickel-vitriol will be produced.

328 316 It is thought that in the light-metals sector (production of aluminum) the bauxite mines at Unterlaussa (on the frontier between Styria and Lower Austria) will be extended to obtain at least the necessary raw materials for production. In accordance with the increase in the total European aluminum production required by the OEEC, Paris, Austria will endeavor to increase aluminum production in the smelting plants of the Vereinigte Aluminum Werke Ranshofen and in the plants at Lend of the Salzburger Aluminium Gesellschaft m.b.H. (up to 30 and 10,000 tons a year, respectively).

The production of non-finished metal products shall be extended by the completion of a light-metals plant of the österreichische Metallwerke A.G., the construction of which is already far advanced and by the project of a heavy-metal plant of the same firm. These plants are designed to overcome the bottle-neck created by the loss of the plants for non-finished metal products (Krupp in Berndorf and the Enzesfelder Metallwerke). For the Metallwerke Plansee Gesellschaft m.b.H., Reutte (Tyrol), the erection of a plant for the production of molten molybdemum has been planned; in addition, the erection of heavy presses, granulating and sharpening machines for the production of heavy metals as well as of special electrolytical methods for the production of hard metal alloys (Diamantmetal-legierungen) is proposed.

[652] In the scope of the investment program 1950-52 investments, 131.3 million schillings have been mobilized from counterpart funds for these industries. Of this amount approximately 40 million schillings (30.5 per cent) already has been allotted.

c) Investments in the electric industry.

377 [727] A large number of machinery units and steam-power plants were destroyed or lost by the war. The Austrian economy, therefore, could recover only very slowly in the years 1945, 1946 and 1947, particularly because the supply of energy was definitely insufficient in the months of water shortage. Since 1948, supported by the Marshall Plan, remarkable progress has been made in supplying energy within the economic planning for electricity. Austria tries to overcome the existing difficulties, which arise out of the rapidly changing demand for current on the part of industry, in two ways: (1) by the extension of storage facilities and of caloric